

REFORM AND RESTRUCTURING IN HIGHER EDUCATION

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Background since last higher education commission

1998-2000

Appointed by Governor Gilmore,
reported April 27th, 2000

Growth in Virginia Higher Education since last commission

Enrollment

1998	305,488
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2009	401,352
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Increase of 95,904 or 31.4%

Total Degrees Conferred

2000-2001	45,278
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2008-2009	57,698
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Increase of 27.4%

Higher education funding since 2000

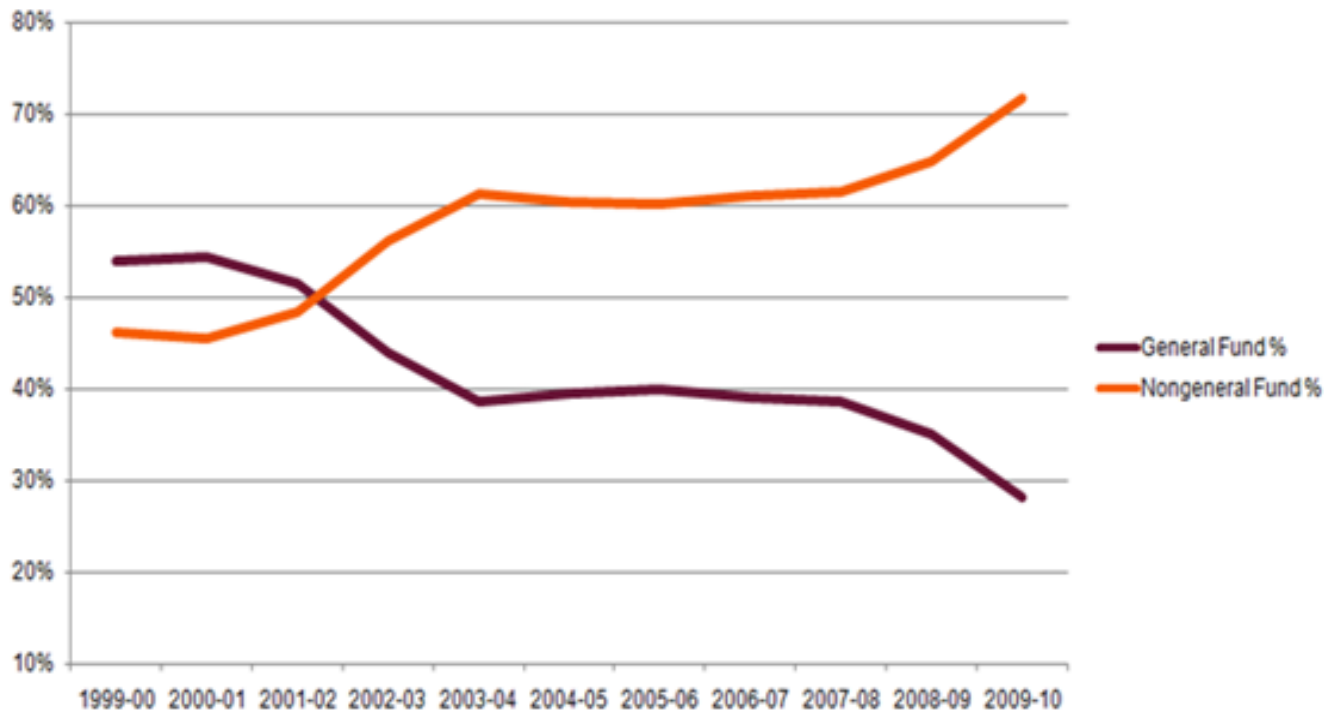
In-State Per Student General Fund Support In Constant 2010 Dollars

	<u>2000-2001</u>	<u>2011-12</u>	<u>Percentage change</u>
Four Year	\$10,515	\$5,384	-50%
Two Year	\$4,856	\$2,915	-40%

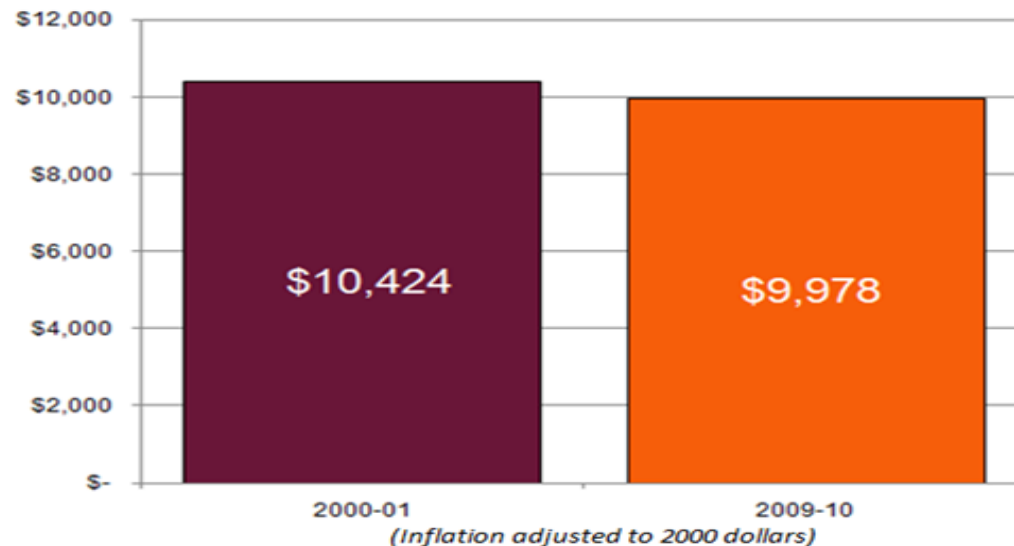
In 2010, the Governor and General Assembly held the line against additional cuts to higher education.

The costs shift to students as state (General Fund) support declines

Cost curve for Virginia Tech



Without cost-saving efficiencies, student costs would have risen more



*Chart from Virginia Tech used as example

Despite this drop in per-student support, Virginia Tech enrolled 2445 additional Virginia students from 2003-2009

Virginia institutions are ranked high for efficiency and productivity

- o The respected National Center for Higher Education Management Systems (NCHEMS) ranked Virginia 10th among the states in average performance relative to per-student funding.
- o Opportunities for increased efficiency and productivity remain, including greater collaboration among institutions, use of instructional technology, etc.

Cost-saving reforms and efficiency successes



- ***Collaborative Purchasing***
- Uses the common knowledge, experience, support and resources of all decentralized higher education member institutions.
- Improves the ability of each member institution to provide efficient and responsive customer service in facilitating the purchase of goods and services for their institution.
- Provides opportunities for other colleges and universities to take advantage of contracting expertise and volume.

Cost-saving reforms and efficiency successes



Virtual Library of Virginia

- VIVA's cooperative purchasing and online sharing system saves money for public and private institutions throughout Virginia.
- Eliminates duplication, leverages resources, and gets the best value for the Commonwealth's investment.
- VIVA brings \$5 of value for every \$1 spent

Cost-saving reforms and efficiency successes

Network Virginia

- Collaborative project with Virginia Tech, Old Dominion University and the Virginia Community College System to develop universal access to competitive, affordable, advanced digital communications services for education in Virginia.



Mid-Atlantic Terascale Partnership

- Connects research institutions to national high speed network infrastructure at gigabit and higher speeds
- Membership is open to any public or private research institution

Cost-saving reforms and efficiency successes

LEVERAGING CAPITAL INVESTMENT

- Between 2000-2010, Virginia Tech expended \$1.1 billion for capital construction of all types.
- Only a third (\$374 million) came from state General Funds.
- Two-thirds (\$734 million) was funded from other sources, such as private donations, residence hall fees, overhead from sponsored research.

Major Higher Education Reforms Since 2000

- Restructuring Legislation
- Commonwealth Research Initiative
- 21st Century Capital Improvement Program

Restructured Higher Education Financial and Administrative Operations Act (2005)

- Increased managerial flexibility and autonomy tailored to individual institutions
- Stressed strategic planning
- Established performance measures
- Gave authority for non-General Fund revenues to institutions' governing boards
- Provided flexibility in using non-General Fund sources to fund capital projects

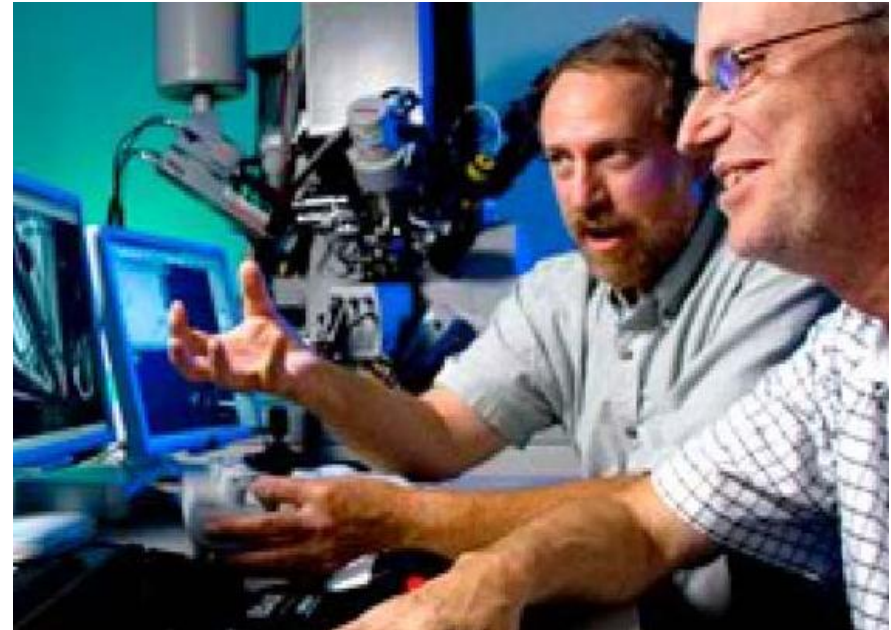
Goals of Restructuring

- Create a more stable and predictable environment for institutional planning and management
- Allow institutions to manage more efficiently and reinvest savings in core missions
- Hold institutions accountable for outcome-based performance measures
- Establish relationship of predictability and trust through management agreements and stable policies honored by institutions and the Commonwealth

Research and Development

Commonwealth Research Initiative, 2006-2008

- Provided capital, equipment, and operating funds for selected research areas
- Institutional match required
- Leveraged millions in federal research dollars



21st Century Capital Improvement Program (2008)

- New approach providing systematic evaluation-planning-funding of projects on ongoing basis
- Comparable in scope of funded projects (\$1 billion) to 2002 GOB package
- Expedited to stimulate economy and take advantage of historically low rates
- Addressed needs resulting from demographic-driven enrollment growth since 2000
- Needs to stay on track to accommodate Governor McDonnell's 100,000 degree goal

Today

“It’s the best of times, the worst of times.”

--Governor McDonnell

GMU Address, May 12, 2009

*Comprehensive Plan for 100,000 Additional
High-Value Degrees over the Next 15 Years*

How do we get there from here?

**WE MUST CREATE AND CODIFY
A COMPREHENSIVE POLICY FRAMEWORK
THAT WILL ENABLE VIRGINIA'S HIGHER
EDUCATION SYSTEM
TO ACHIEVE THE GOVERNOR'S GOALS FOR
INCREASED EDUCATIONAL ATTAINMENT,
AFFORDABLE ACCESS,
AND ECONOMIC GROWTH**

Suggested Principles

- Establish and codify long-term policies that are less vulnerable to swings of the economy and political changes
- Create a stable, predictable environment so institutions can manage effectively and efficiently and systematically pursue the policy goals outlined by the Governor
- Recognize the value of the system's diversity (i.e., the differences among institutions) and avoid one-size-fits-all solutions
- Allow the institutions to manage effectively by reducing unnecessary reporting and prior approvals from Richmond

Suggested Principles - continued

- Expand efforts to integrate technology into instruction, especially for high-volume core courses (e.g., Math Emporium)
- Develop funding policies that take into account the institutions' differences in the marketplace so that scarce General Fund revenues can be focused on funding affordable access and quality instruction throughout the system.
- Examine and revise state financial aid policies to maintain/enhance accessibility for middle-income families



Suggested Principles - continued

- Invest selectively in research that will leverage state dollars to generate federal and private-sector funding for research and development
- Set broad goals and incentives for degree production and hold institutions accountable, but avoid micro-management
- Promote STEM emphasis and other initiatives through incentives that tap the entrepreneurial spirit and capacity of the institutions
- Obtain legislative endorsement, through statute, of a plan to achieve the Governor's goals for higher education for the Commonwealth

Conclusion

**WE HAVE THE OPPORTUNITY TO PUT POLICIES
IN PLACE NOW THAT WILL
MAKE A COLLEGE EDUCATION ACCESSIBLE
AND AFFORDABLE FOR ALL CAPABLE
VIRGINIA STUDENTS
AND
EXPLOIT THE FULL POTENTIAL OF HIGHER
EDUCATION AS A CATALYST FOR JOB-
CREATING BUSINESS INVESTMENT AND
ECONOMIC EXPANSION IN VIRGINIA**